

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-003-E - ORDER NO. 93-360✓
APRIL 21, 1993

IN RE: South Carolina Electric & Gas Company -) ORDER APPROVING
Semi-Annual Review of Base Rates for) STIPULATION AND
Fuel Costs) FUEL FACTOR

This matter comes the Public Service Commission of South Carolina (the Commission) on the semi-annual fuel hearing of South Carolina Electric & Gas Company (SCE&G or the Company) as mandated by S.C. Code Ann., §58-27-865 (1976), as amended. The purpose of the semi-annual fuel hearing is to allow the Commission and all interested parties to review the fuel purchasing practices and policies of the Company, and for the Commission to determine if any adjustment in the fuel cost recovery mechanism is necessary and reasonable.

By letter dated January 8, 1993, the Commission's Executive Director instructed the Company to publish a prepared Notice of Filing and Hearing, one time, in newspapers of general circulation in the area affected by the Company's Application. The Notice of Filing and Hearing indicated the nature of the Company's Application and advised all interested parties desiring participation in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. The Company was

likewise required to notify directly all customers affected by the proposed fuel proceeding.

A Petition to Intervene was filed on behalf of Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate). After on-site investigations by the Commission Staff of the Company's facilities, an audit of the Company's books and records, and the gathering of other detailed information concerning the Company's operations, and the prefiling of testimony by the Company and the Staff, the parties reached a stipulation and agreement on April 19, 1993.

After stating certain preliminary matters, the Stipulation and Agreement of the parties to this case reads as follows:

WHEREAS, the Commission's Electric Department Staff has analyzed the Company's procedures and practices pertaining to its fuel operations, specifically including an examination of the Company's Power Plant Performance Data Reports, Major Unit Outage Reports, Generation Mix Reports, Generation Statistics, Retail Comparison of MWH Sales Reports, and Retail Comparison of Fuel Costs. In addition, the Staff has interviewed Company personnel concerning operating results of its generating units, has conducted on-site inspections of Company's coal quality sampling techniques, and has reviewed the Company's forecasting procedures, and currently approved Adjustment for Fuel Costs Tariff, along with the history of the Cumulative Recovery Account;

WHEREAS, based on these examinations and reviews, the Staff issued a Report of Fuel Adjustment Analysis in this Docket;

WHEREAS, the Staff and SCE&G have prefiled testimony in Docket No. 93-003-E concerning the Company's fuel operations and accounts;

WHEREAS, the parties have carefully reviewed the information contained in the prefiled testimony of the witnesses for the Company and the Staff, as well as the Report of the Staff, and all supporting Exhibits;

WHEREFORE, the parties have agreed, and do hereby stipulate to the following matters related to the Company's fuel operations which if adopted by the Commission in the order on the merits of this proceeding will, within the scope of the matters addressed herein, result in rates for electric service which are just and reasonable, and supported by the evidence of the record of this proceeding and will further comply with the provisions of §58-27-865 of the Code of Laws of South Carolina (1976).

1. In the interest of rate stability and of maintaining consistent price signals to customers, and also in the interest of avoiding the burden and expense of multiple rate adjustments, the parties agree and stipulate that the base rate fuel adjustment set forth herein shall be effective upon the first billing cycle of June 1993, thereby coinciding with the implementation of the Commission's decision in Docket No. 92-619-E, In Re: Application of South Carolina Electric & Gas Company for Adjustments in the Company's Electric Rates and Tariffs.

2. The parties agree and stipulate that the Company's base rate shall be adjusted to recover fuel costs at the rate of 13.00

mills per kilowatt hour beginning with the first billing cycle of June 1993. This fuel costs recovery factor shall remain in effect through October 1993, or when superseded by order of the Commission.

3. The Company and Commission Staff agree and stipulate that during the historic test period under review, specifically September 1, 1992 through February 28, 1993, South Carolina Electric & Gas Company's fuel purchasing practices were prudent and the Company did not incur fuel costs which were the result of a failure of the utility to make every reasonable effort to minimize fuel costs nor did it make any decision resulting in any unreasonable fuel costs giving due regard to the reliability of service, economical generation mix, generating experience of comparable facilities, and minimization of the total costs of providing service. Furthermore, the Company and Commission Staff stipulate and agree that the Company properly administered its fuel costs recovery accounts during the period under review and properly accounted for the actual cost of fuel used for the generation of electricity, including the cost of purchased power.

4. The Consumer Advocate does not contest the prudence of the Company's fuel purchasing practices or the reasonableness of the fuel costs during the period under review; however, any agreement not to contest matters contained in this Stipulation does not constitute waiver of the issue on appeal in Hamm v. South Carolina Public Service Commission and South Carolina Electric & Gas Company, 90-CP-40-3681, concerning coal purchase and

transportation contracts.

The Commission has examined the terms of the Stipulation and Agreement of the parties and believes that the provisions of said Stipulation and Agreement should be adopted by this Commission. Further, we believe that the Company's base rates should be adjusted to recover fuel costs at the rate of 13.00 mills per kilowatt hour beginning with the first billing cycle of June 1993. This fuel cost recovery factor shall remain in effect through October 1993, or when superseded by order of the Commission. Further, with regard to the historic test period under review, specifically September 1, 1992 through February 28, 1993, the Commission agrees with the parties that SCE&G's fuel purchasing practices were prudent and that the Company did not incur fuel costs which were the result of a failure of the utility to make every reasonable effort to minimize fuel costs. Further, the Commission does not believe that SCE&G made any decisions resulting in any unreasonable fuel costs giving due regard to the reliability of service, economical generation mix, generating experience of comparable facilities, and minimization of the total costs of providing service. Further, the Commission adopts the agreement of the parties that the Company properly administered its fuel costs recovery accounts during the period under review and properly accounted for the actual cost of fuel used for the generation of electricity, including the cost of purchased power.

The Consumer Advocate stated that although it did not contest the prudence of the Company's fuel purchasing practices or the

reasonableness of the fuel costs during the period under review, that it did not waive any issues on appeal in Hamm v. South Carolina Public Service Commission and South Carolina Electric & Gas Company, 90-CP-40-3681, which concerns coal purchase and transportation contracts that is presently pending before the Supreme Court of South Carolina. The Commission understands the Consumer Advocate's concern and agrees that participation in this Stipulation does not constitute a waiver of the issues on appeal in that case.

IT IS THEREFORE ORDERED THAT:

1. The present fuel factor as shown in Appendix A shall continue until the first billing cycle in June. Beginning with the first billing cycle of June 1993, South Carolina Electric & Gas Company's base rates shall be adjusted to have a fuel cost at the rate of 13.00 mills per kilowatt hour, as reflected in Appendix B attached hereto and incorporated into this order as if repeated herein fully verbatim, and that this fuel cost recovery factor shall remain in effect through October 1993, or when superseded by Order of the Commission.

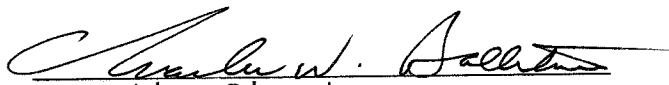
2. That the Company shall furnish appropriate tariffs reflecting the above to this Commission within ten (10) days of the date of this Order.

3. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

SOUTH CAROLINA ELECTRIC AND GAS COMPANY
Adjustment for Fuel Costs

APPLICABILITY

This adjustment is applicable to and is a part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission for the succeeding six months or shorter period:

$$F = \frac{E}{S} + \frac{G}{S_1}$$

Where:

F= Fuel cost per Kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E= Total projected system fuel costs:

(A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

(B) Purchased power fuel costs such as those incurred in unit power and Limited Term power purchases where the fuel costs associated with energy purchased are identifiable and are identified in the billing statement.

PLUS

(C) Interchange power fuel costs such as Short Term, Economy, and other where the energy is purchased on economic dispatch basis.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

(D) The cost of fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as Diversity energy and payback of storage are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt-hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S₁ = Projected jurisdictional kilowatt-hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost (F) as determined by Public Service Commission of South Carolina Order No. 93-360 for the May 1993 billing cycles is 1.350 cents per kilowatt-hour.

SOUTH CAROLINA ELECTRIC AND GAS COMPANY
Adjustment for Fuel Costs

APPLICABILITY

This adjustment is applicable to and is a part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission for the succeeding six months or shorter period:

$$F = \frac{E}{S} + \frac{G}{S_1}$$

Where:

F= Fuel cost per Kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E= Total projected system fuel costs:

(A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

(B) Purchased power fuel costs such as those incurred in unit power and Limited Term power purchases where the fuel costs associated with energy purchased are identifiable and are identified in the billing statement.

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(C) Interchange power fuel costs such as Short Term, Economy, and other where the energy is purchased on economic dispatch basis.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

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G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S₁ = Projected jurisdictional kilowatt-hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost (F) as determined by Public Service Commission of South Carolina Order No. 93-360 for the period June 1993 through October 1993 is 1.300 cents per kilowatt-hour.